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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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 2 MIKE GLEASON  
     Chairman  
 3 WILLIAM A. MUNDELL  
     Commissioner  
 4 JEFF HATCH-MILLER  
     Commissioner  
 5 KRISTIN K. MAYES  
     Commissioner  
 6 GARY PIERCE  
     Commissioner

Arizona Corporation Commission

**DOCKETED**

**OCT 23 2008**

DOCKETED BY	nl
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8 IN THE MATTER OF THE APPLICATION )  
 9 OF UNS ELECTRIC, INC. AND AHA )  
 10 MACAV POWER SERVICE FOR AN )  
 11 ORDER APPROVING A BORDERLINE )  
 12 AGREEMENT )

DOCKET NOS. E-04204A-08-0342

DECISION NO. 70555

ORDER

13 Open Meeting  
 14 October 15 and 16, 2008  
 Phoenix, Arizona

15 BY THE COMMISSION:

FINDINGS OF FACT

17 1. UNS Electric, Inc. ("UNS Electric") and Aha Macav Power Service ("AMPS") are  
 18 engaged in providing electric service within portions of Arizona, pursuant to authority granted by  
 19 the Arizona Corporation Commission ("Commission" or "ACC").

20 2. On July 3, 2008, UNS Electric and AMPS filed a Joint Application and Borderline  
 21 Agreement ("Joint Application") for AMPS to provide electric service to 4-B Farms and the  
 22 property of Mr. Wakimoto. Both UNS Electric and AMPS are engaged in providing electric  
 23 service within portions Mohave County, Arizona. UNS Electric operates pursuant to authority  
 24 granted by the Arizona Corporation Commission ("Commission"). AMPS is subject to oversight  
 25 by the Fort Mohave Public Utilities Commission.

26 3. 4-B Farms and Mr. Wakimoto's property are located within UNS Electric's  
 27 certified territory. According to the Joint Application, the estimated cost to establish the requested  
 28 three-phase service for 4-B Farms by UNS Electric is \$405,000 and additional easements are also

1 necessary. The nearest UNS Electric facilities are more than 4.1 miles from 4-B Farms. However,  
 2 AMPS nearest facilities are 700 feet from 4-B Farms. The cost to establish the requested three-  
 3 phase service to 4-B Farms would be \$55,000 if served by AMPS.

4 4. According to the Joint Application, the estimated cost to establish the requested  
 5 three-phase service for Mr. Wakimoto's property by UNS Electric is \$110,000 and additional  
 6 easements are also necessary. Mr. Wakimoto's property is more than 3.5 miles from UNS  
 7 Electric's nearest facilities, but only approximately 3,500 feet from AMPS' nearest facilities. The  
 8 cost to establish the requested three-phase service to Mr. Wakimoto's property would be \$74,000  
 9 if served by AMPS. The entire costs mentioned previously are the responsibility of the customers.

10 5. In Section IV of the Joint Application and Borderline Agreement, filed July 3,  
 11 2008, UNS Electric reserves the right to provide electric service to 4-B Farms and Mr.  
 12 Wakimoto's property when UNS Electric determines that it is economically feasible to do so. If  
 13 UNS Electric chooses to exercise the right to serve 4-B Farms and Mr. Wakimoto's property, UNS  
 14 Electric will compensate AMPS for any AMPS facilities used by UNS Electric in order to provide  
 15 service.

16 6. The following chart represents a rate comparison for Mr. Wakimoto's property.  
 17 The chart demonstrates that Mr. Wakimoto's property will also experience a saving for the energy  
 18 cost.

	UNS		AMPS	
19 1 <sup>st</sup> 400kWh	\$4.50	(0.011255 x 400 kWh)		
20 All Add'l	\$12.76	(0.02269 x 600 kWh)		
21 Any kWh			\$77.00	(0.077 x 1000 kWh)
22 PPFAC per kWh	\$14.75	(0.014746 x 1000 kWh)		
Base Power Supply	\$77.99	(0.77993 x 1000 kWh)		
Customer Charge	\$7.50		\$8.80	
23 Monthly Estimate	\$117.50		\$85.80	
24 12 Month Estimate	\$1,410.00		\$1029.60	
Yrly Difference			-\$380.40	

25  
 26 7. On August 26, 2008, UniSources Services sent a letter informing 4-B Farms  
 27 representative, Mr. Sherrill, about the rate differences between UNS and AMPS applicable tariff.

28 ...

1 Even with the higher AMPS energy charge it will take 4-B Farms over twenty-three years to  
 2 expend the additional \$350,000 it would cost the 4-B Farms to be served by UNS Electric.

3 The following chart represents a rate comparison for 4-B Farms.

	UNS		AMPS	
4 Demand charge per kW	\$1,199.52	(10.71 x 112 kW)	\$1,232	(11 x 112 kW)
5 Delivery Charge	\$6.09	(0.003254 x 1872 kWh)		
6 Base Charge per kWh	\$125.54	(0.067062 x 1872 kWh)	\$144	(0.077 x 1872 kWh)
7 PPFAC per kWh	\$27.60	(0.014746 x 1872 kWh)		
8 Customer Charge	\$15.50		\$100	
9 Monthly Estimate	\$1,374.25		\$1,476	
10 12 Month Estimate	\$16,491.00		\$17,712	
11 Yearly Difference			+\$1,221	

12 8. Based on the above, Staff believes that the Borderline Agreement between UNS  
 13 Electric and AMPS is a reasonable solution to allow extension of electric service to the 4-B Farms  
 14 and Mr. Wakimoto's property and is in the public interest. Therefore, Staff recommends the  
 15 Commission approve the Borderline Agreement between UNS Electric and AMPS.

#### 16 CONCLUSIONS OF LAW

17 1. UNS Electric is an Arizona public service corporation within the meaning of Article  
 18 XV, Section 2, of the Arizona Constitution.

19 2. The Commission has jurisdiction over UNS Electric and over the subject matter of  
 20 the Application.

21 3. The Commission, having reviewed the application and Staff's Memorandum dated  
 22 September 22, 2008, concludes that it is in the public interest to approve the Borderline Agreement  
 23 between UNS Electric and AMPS.

#### 24 ORDER

25 IT IS THEREFORE ORDERED that the Borderline Agreement between UNS Electric,  
 26 Inc. and Aha Macav Power Service for service to 4-B Farms and the property of Mr. Wakimoto is  
 27 hereby approved as discussed herein.

28 IT IS FURTHER ORDERED that UNS Electric, Inc. notify the Commission prior to  
 exercising its right to provide service to 4-B Farms and the property of Mr. Wakimoto in the  
 future.

1 IT IS FURTHER ORDERED that approval of the Borderline Agreement at this time does  
2 not guarantee any future ratemaking treatment of the Borderline Agreement between UNS  
3 Electric, Inc. and Aha Macav Power Service.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately.

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6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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9 CHAIRMAN

  
COMMISSIONER

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12 COMMISSIONER

  
COMMISSIONER

  
COMMISSIONER

13 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
14 Director of the Arizona Corporation Commission, have  
15 hereunto, set my hand and caused the official seal of this  
16 Commission to be affixed at the Capitol, in the City of  
17 Phoenix, this 23<sup>rd</sup> day of October, 2008.

18   
19 BRIAN C. McNEIL  
20 EXECUTIVE DIRECTOR

21 DISSENT: \_\_\_\_\_

22 DISSENT: \_\_\_\_\_

23 EGJ:KS:lhms\NS

1 SERVICE LIST FOR: UNS ELECTRIC, INC  
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